

By: Ellis

S.B. No. 963

A BILL TO BE ENTITLED

AN ACT

relating to regulation of premium rates for long-term care insurance.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Subchapter B, Chapter 1651, Insurance Code, is amended by adding Section 1651.056 to read as follows:

Sec. 1651.056. REVIEW; APPROVAL OR DISAPPROVAL OF PREMIUM RATES. (a) A long-term care premium rate may not be used until the rate has been filed with the department and approved by the commissioner.

(b) The commissioner may disapprove a long-term care premium rate that is not actuarially justified or does not comply with standards established under this chapter or adopted by rule by the commissioner.

(c) An insurer who obtains the commissioner's approval of an increase of a long-term care premium rate under Subsection (a) shall:

(1) notify policyholders of the scheduled rate increase at least 30 days prior to the date that the policyholder is required to make a premium payment at the increased rate; and

(2) offer to:

(A) continue coverage at the increased rate;

(B) reduce policy benefits provided by the long-term care coverage in effect immediately before the scheduled

1 increase without the requirement of additional underwriting so that  
2 the premium payments required are not increased; or

3 (C) convert the coverage to a paid-up status with  
4 a shortened benefit period.

5 (d) The offer to reduce policy benefits under Subsection  
6 (c)(2)(B) or convert coverage under Subsection (c)(2)(C) must be  
7 made subject to terms approved by the commissioner.

8 (e) A policyholder shall elect whether to accept the offer  
9 to continue coverage, reduce policy benefits, or convert coverage  
10 under Subsection (c) not later than the 30th day after the date of  
11 the notice that the insurer provides under Subsection (c).

12 (f) A policyholder who fails to make an election that  
13 complies with Subsection (e) is considered to have elected to  
14 continue coverage at the increased rate.

15 SECTION 2. This Act applies only to a long-term care  
16 insurance policy, contract, or evidence of coverage that is  
17 delivered, issued for delivery, or renewed on or after January 1,  
18 2010. A long-term care insurance policy, contract, or evidence of  
19 coverage delivered, issued for delivery, or renewed before January  
20 1, 2010, is governed by the law as it existed immediately before the  
21 effective date of this Act, and that law is continued in effect for  
22 that purpose.

23 SECTION 3. This Act takes effect September 1, 2009.